



First Union Rail Corporation
NC5811
Commercial Leasing Group
One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018
Tel 847 318-7575
847 318-7588

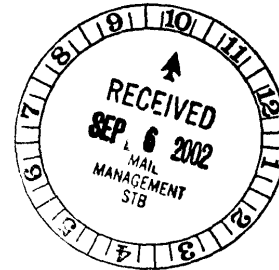
VIA UPS 2nd DAY AIR

September 5, 2002

RECORDATION NO. 24094 FILED

SEP 6 '02 11:41 AM

SURFACE TRANSPORTATION BOARD



Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated June 5, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Iowa, Chicago & Eastern Railroad Corp.
140 N. Phillips Avenue
Sioux Falls, SD 57104

A description of the railroad equipment covered by the enclosed document is sixty (60) 1980 built, EMD SD40-2 Locomotives, with FURX marks (see Exhibit A for numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions or concerns regarding the above-referenced matter, please feel free to contact me at (847) 384-5342. Thank you for your cooperation in this matter.

Very truly yours,

Amy Carone
Manager of Documentation

Enclosures

(DME010)

ASSGN. NO.: DME010

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this 5th day of June, 2002, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Iowa, Chicago & Eastern Railroad Corporation, ("Lessee"), a Delaware corporation, and wholly owned indirect subsidiary of Dakota, Minnesota & Eastern Railroad Corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of June 5, 2002, whereby Lessor has agreed to lease to Lessee certain locomotive units pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of July 30, 2002 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR

Title: Vice President Sales & Marketing

By: K.A. Dembrowski

Name: K.A. DEMBROWSKI

Title: DIRECTOR OF DOCUMENTATION Executed on this 5th day of June, 2002

[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, SUSAN GROKULSKY, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 5th day of June, 2002.

Susan Grokulskey
Notary Public

My Commission Expires:

8-14-2004
(Notary Public)



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SURFACE TRANSPORTATION BOARD

LESSEE:

IOWA, CHICAGO & EASTERN RAILROAD CORPORATION, a wholly owned indirect subsidiary of Dakota, Minnesota & Eastern Railroad Corporation.

By: *Daniel L. Goodwin*
Name: Daniel L. Goodwin
Title: CMD.

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this 29th day of May, 2002.

[CORPORATE SEAL]

STATE OF South Dakota

COUNTY OF Beadle

I, Melinda Stepien, a Notary Public of the County and State aforesaid, certify that Daniel L. Goodwin personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 29th day of May, 2002

Melinda Stepien
Notary Public

Commission Expires:

4-5-05
(Notary Public)

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF LOCOMOTIVES: Sixty (60)

DESCRIPTION OF LOCOMOTIVES: 1980 built, EMD SD40-2 Locomotives, 3000 horsepower.

LOCOMOTIVE NUMBERS: See list below:

FURX 7206	FURX 8119	FURX 7261
FURX 7213	FURX 8120	FURX 7278
FURX 7214	FURX 8121	FURX 7279
FURX 7222	FURX 8122	FURX 7282
FURX 7264	FURX 8124	FURX 7287
FURX 7281	FURX 8125	FURX 7926
FURX 7283	FURX 8127	FURX 7928
FURX 7924	FURX 8129	FURX 7930
FURX 7927	FURX 8136	FURX 7931
FURX 7929	FURX 7209	FURX 7933
FURX 8094	FURX 7210	FURX 7934
FURX 8097	FURX 7215	FURX 7940
FURX 8098	FURX 7216	FURX 8092
FURX 8099	FURX 7218	FURX 8093
FURX 8101	FURX 7220	FURX 8095
FURX 8105	FURX 7225	FURX 8103
FURX 8107	FURX 7236	FURX 8115
FURX 8109	FURX 7242	FURX 8132
FURX 8110	FURX 7248	Count: 60
FURX 8114	FURX 7252	
FURX 8118	FURX 7260	